

YWCA GREATER BATON ROUGE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 28 2011

CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position – As of December 31, 2010 with Comparative Totals for 2009	3
Statement of Activities For the Year Ended December 31, 2010 with Comparative Totals for 2009	4
Statement of Cash Flows – For the Year Ended December 31, 2010 with Comparative Totals for 2009	5
Statement of Functional Expenses For the Year Ended December 31, 2010 with Comparative Totals for 2009	6
Notes to the Financial Statements For the Year Ended December 31, 2010	7 - 13
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14 - 15
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	16 - 17
Schedule of Findings and Questioned Costs	18 - 21
Supplementary Information :	
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23

Latuso and Johnson CPA, LLC

Certified Public Accountants

11929 Bricksome Ave. • Baton Rouge, LA 70816

Tel (225) 293.8300 • Fax (225) 293.8303

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
YWCA Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of YWCA Greater Baton Rouge, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The prior year summarized comparative information has been derived from YWCA Greater Baton Rouge, Inc.'s 2009 financial statements and our report dated September 28, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Greater Baton Rouge, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2011, on our consideration of YWCA Greater Baton Rouge, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of YWCA Greater Baton Rouge, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Latuso + Johnson CPA, LLC

Baton Rouge, Louisiana
November 3, 2011

YWCA GREATER BATON ROUGE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

ASSETS

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Current Assets:				
Cash and Cash Equivalents	\$ 54,393	\$ -	\$ 54,393	\$ 1,187
Investments	13,002	20,121	33,123	30,135
Accounts Receivable	15,559	-	15,559	68,587
Government Grants Receivable	37,794	-	37,794	254,768
Prepaid Expenses	15,477	-	15,477	10,983
Total Current Assets	136,225	20,121	156,346	365,660
Property and Equipment, Net	206,554	-	206,554	284,637
Other Assets	-	-	-	1,150
Total Assets	\$ 342,779	\$ 20,121	\$ 362,900	\$ 651,447

LIABILITIES AND NET ASSETS

Current Liabilities:				
Accounts Payable	\$ 27,610	\$ -	\$ 27,610	\$ 67,414
Note Payable to Bank	78,787	-	78,787	43,292
Grant Advances	68,741	-	68,741	52,212
Other Current Liabilities	535	-	535	1,286
YWCA Regional Dues Payable	54,569	-	54,569	37,250
Accrued Vacation	55,534	-	55,534	41,746
Total Current Liabilities	285,776	-	285,776	243,200
Net Assets:				
Unrestricted	57,003	-	57,003	389,686
Permanently Restricted				
Endowment	-	20,121	20,121	18,561
Total Net Assets	57,003	20,121	77,124	408,247
Total Liabilities and Net Assets	\$ 342,779	\$ 20,121	\$ 362,900	\$ 651,447

The accompanying notes are an integral part of these financial statements

YWCA GREATER BATON ROUGE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Support and Revenue:				
Support:				
Grants	\$ 2,532,784	\$ -	\$ 2,532,784	\$ 2,386,625
Contributions-In-Kind	278,192	-	278,192	316,678
United Way	120,294	-	120,294	111,476
Contributions	23,547	-	23,547	51,427
Special Events	<u>11,680</u>	<u>-</u>	<u>11,680</u>	<u>44,303</u>
Total Support	2,966,497	-	2,966,497	2,910,509
Revenue:				
Other Revenue	28,624	-	28,624	32,905
Membership Dues	10,072	-	10,072	15,361
Gain/(Loss) on Endowment	-	2,808	2,808	2,779
Program Service Fees	2,140	-	2,140	15,762
Interest Income	<u>401</u>	<u>442</u>	<u>843</u>	<u>1,315</u>
Total Revenue	41,237	3,250	44,487	68,122
Net Assets Released from Restrictions	<u>1,690</u>	<u>(1,690)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	3,009,424	1,560	3,010,984	2,978,631
Expenses:				
Program Services	3,033,719	-	3,033,719	2,727,813
Management and General	283,654	-	283,654	311,424
Fund Raising	<u>24,734</u>	<u>-</u>	<u>24,734</u>	<u>37,209</u>
Total Expenses	3,342,107	-	3,342,107	3,076,446
Change in Net Assets	(332,683)	1,560	(331,123)	(97,815)
Net Assets, Beginning of Year	<u>389,686</u>	<u>18,561</u>	<u>408,247</u>	<u>506,062</u>
Net Assets, End of Year	\$ <u>57,003</u>	\$ <u>20,121</u>	\$ <u>77,124</u>	\$ <u>408,247</u>

The accompanying notes are an integral part of these financial statements

YWCA GREATER BATON ROUGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (331,123)	\$ (97,813)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation	112,155	114,787
Loss on retirement of property	841	-
Realized and Unrealized (Gain) Loss on Endowment	(2,808)	(2,779)
Net Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	270,002	(5,996)
Decrease (Increase) in Other Assets	(3,344)	2,615
Increase (Decrease) in Accounts Payable	(39,804)	55,314
Increase (Decrease) in Grant Advances	16,529	(209,981)
Increase (Decrease) in Other Current Liabilities	30,356	(57,759)
Total adjustments	<u>383,927</u>	<u>(103,799)</u>
Net Cash Provided (Used) by Operating Activities	52,804	(201,612)
Cash Flows From Investing Activities:		
Purchases of Equipment	(34,913)	-
Decrease in Investments	<u>(180)</u>	<u>(462)</u>
Net Cash Used in Investing Activities	(35,093)	(462)
Cash Flows From Financing Activities:		
Increase in Line of Credit	<u>35,495</u>	<u>19,892</u>
Net Cash Provided by Financing Activities	35,495	19,892
Net Increase (Decrease) in Cash and Cash		
Equivalents	53,206	(182,182)
Cash and Cash Equivalents - Beginning of Year	<u>1,187</u>	<u>183,369</u>
Cash and Cash Equivalents - End of Year	\$ <u><u>54,393</u></u>	\$ <u><u>1,187</u></u>
Supplementary Information:		
Interest Paid	\$ <u><u>16,529</u></u>	\$ <u><u>2,832</u></u>

The accompanying notes are an integral part of these financial statements

YWCA GREATER BATON ROUGE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	<u>Support Services</u>				
	<u>Program</u>	<u>Management</u>	<u>Fund</u>	<u>2010</u>	<u>2009</u>
	<u>Services</u>	<u>and</u>	<u>Raising</u>	<u>Totals</u>	<u>Totals</u>
		<u>General</u>			
Salaries	\$ 1,478,055	\$ 107,414	\$ 16,453	\$ 1,601,922	\$ 1,719,211
Contract Services	382,615	43,021	97	425,733	120,130
Donations-In Kind	278,192	-	-	278,192	316,678
Fringe Benefits	204,397	33,240	989	238,626	230,513
Supplies	160,392	6,555	728	167,675	102,970
Payroll Taxes	108,633	934	1,996	111,563	130,234
Occupancy	80,806	13,575	-	94,381	94,922
Conferences	59,573	2,037	3,291	64,901	66,970
Travel Expenses	56,118	162	-	56,280	26,132
Insurance	46,890	4,108	124	51,122	50,214
Other Costs	37,420	403	-	37,823	31,323
YWCA Regional Dues	-	35,144	-	35,144	15,120
Telecommunications	16,596	7,372	-	23,968	22,135
Equipment Rental & Maintenance	8,754	1,433	233	10,420	11,410
Printing/Copying/Publications	7,303	3,747	169	11,219	7,138
Dues and Subscriptions	4,951	3,811	29	8,791	6,377
Interest and Bank Charges	197	5,836	-	6,033	2,253
Postage and Shipping	496	950	625	2,071	3,367
Awards	1,310	-	-	1,310	169
Finger Printing & Background	1,218	-	-	1,218	1,121
Staff Development	683	-	-	683	857
Miscellaneous Expense	13	23	-	36	1,335
Direct Assistance to Individuals	-	-	-	-	1,080
Total Expenses					
Before Depreciation & Loss	2,934,612	269,765	24,734	3,229,111	2,961,659
Depreciation	99,107	13,048	-	112,155	114,787
Loss on Fixed Asset	-	841	-	841	-
Total Expenses	<u>\$ 3,033,719</u>	<u>\$ 283,654</u>	<u>\$ 24,734</u>	<u>\$ 3,342,107</u>	<u>\$ 3,076,446</u>

The accompanying notes are an integral part of these financial statements

YWCA GREATER BATON ROUGE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

YWCA Greater Baton Rouge, Inc. (the "Organization") is a Louisiana non-profit corporation organized for the purpose of advancing the spiritual, intellectual, mental, social, cultural and physical condition of women and girls in the Baton Rouge area. The Organization is associated with the Young Women's Christian Association of the United States of America. The Organization is also a participating agency of and receives a portion of its annual funding needs from the Capital Area United Way. Other principal sources of revenues are grants, annual membership dues, donations and fees charged for various program activities. The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Net Assets

The Organization classifies assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

YWCA GREATER BATON ROUGE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(CONTINUED)**

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Assets and Services

Land, buildings and equipment received as donations are recognized in the accompanying financial statements at their estimated fair market value at the date they are received.

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Marketable securities are accounted for under FASB ASC 958-320, "Accounting for Certain Investments Held by Not-For-Profit Organizations." Investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

YWCA GREATER BATON ROUGE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(CONTINUED)**

Accounts Receivable

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from generally accepted accounting principles as it approximates the valuation method.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets, which range from 5 to 15 years, using the straight-line method.

Concentration of Credit

The Organization maintains cash accounts with three commercial banks. The balances have not exceeded the federally insured amount of \$250,000 during 2010.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on the time spent on each program.

NOTE 2 – RESTRICTED INVESTMENTS

YWCA of Greater Baton Rouge, Inc. has established a permanently restricted endowment fund. The fund is held in the Baton Rouge Area Foundation within an investment fund which is managed for income and growth. The investment is recorded in the accompanying financial statements at its fair market value of \$33,123. Of this balance \$20,121 is permanently restricted; the remaining balance of \$13,002 was unrestricted at December 31, 2010.

YWCA GREATER BATON ROUGE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 3 – FIXED ASSETS

A summary of fixed assets at December 31, 2010 is as follows:

Vehicles	\$ 227,339
Equipment	345,528
Buildings and grounds	<u>369,057</u>
	941,924
 Accumulated Depreciation	 <u>(735,370)</u>
 Net Book Value	 <u>\$ 206,554</u>

Depreciation expense for the year ended December 31, 2010 was \$112,155.

NOTE 4 – GRANT ADVANCES

The organization often receives private grants which are intended by the grantor for certain general programs but not restricted to a specific use. The funds are subject to being reclaimed by the grantor should it be determined that the intended use is unlikely to occur. These grants are recorded as a liability until such time that they are used for the intended program. Once the intended use has been identified, the portion used is recognized as income in the period the related expense is incurred.

Grant advances consist of the following unspent grant funds:

Huey Wilson Foundation (Dev.)	\$17,982
Huey Wilson Foundation (La Friperie')	22,264
Susan G Komen Foundation	19,476
Smash Hits Community Fund	<u>9,019</u>
 Total Grant Advances	 <u>\$68,741</u>

YWCA GREATER BATON ROUGE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 5 – LOANS PAYABLE

The Organization has a \$100,000 revolving line of credit at a local bank which bears interest at the Wall Street prime rate with a maximum rate of 6% (6% at December 31, 2010). At December 31, 2010, the amount outstanding on the line was \$78,787. The loan is renewable on an annual basis in September.

Interest expense for the year ended December 31, 2010 was \$4,308.

NOTE 6 – LEASE COMMITMENTS

The Organization leases its administrative offices, three buildings, and office equipment under various noncancellable operating leases.

The Organization also rents storage facilities and equipment on a daily basis as needed. Total rent expense for the year ended December 31, 2010 was \$92,505.

The future minimum lease payments are as follows:

December, 31 :

2011	\$ 95,562
2012	24,000
2013	24,000
2014	<u>6,000</u>
	<u>\$149,562</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

As of December 31, 2010, the Organization owed accrued dues payable to the YWCA Southwest Delta Region in the amount of \$54,569. Management does not expect to liquidate the payable in the near term. However, to reflect the due and payable status of the amount due, it is included in the accompanying financial statements as a current liability.

YWCA GREATER BATON ROUGE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 8 – ECONOMIC DEPENDENCY

The Organization receives the majority of its revenues from funds provided through various state and federal grants. During the year ended December 31, 2010, approximately 92% of total revenue was received from the Federal and State Grants. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the Organization receives could be reduced significantly and could have an adverse impact on its operations.

NOTE 9 – RETIREMENT PLAN

Employees of the organization who meet minimum service requirements are eligible to participate in the National YWCA Retirement Fund. The Plan is a cash balance defined benefit plan. Employee contributions are optional. Employees are allowed to make voluntary contributions based on their compensation up to certain maximum limits. During the year ended December 31, 2010, the Organization contributed \$92,985 to the retirement plans, and these contributions are included as employee benefits in the accompanying financial statements.

The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer that participates in the plan.

NOTE 10 – FEDERAL COMPLIANCE CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

NOTE 11 - IN-KIND CONTRIBUTIONS

During the year ended December 31, 2010, the Organization received the following non-cash donations of material, services and free use of facilities that have been reflected in the accompanying financial statements in Support and Revenues as Contributions-In-Kind and Functional Expenses as Donations-In-Kind:

YWCA GREATER BATON ROUGE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 11 – IN KIND CONTRIBUTIONS - (CONTINUED)

Free or Discounted Use of Facilities	\$116,823
Volunteers, Interns and Professional Services	56,333
Bus Operating Costs	45,322
Supplies	31,438
Conference Costs	13,403
Equipment Usage and Maintenance Services	12,155
Other Items	<u>2,718</u>
Total In Kind	<u>\$278,192</u>

NOTE 12 SUBSEQUENT EVENT

Management of the Organization has evaluated all subsequent events through November 3, 2011, the date the financial statements were available to be issued. No additional disclosures are considered necessary.

Latuso and Johnson CPA, LLC

Certified Public Accountants

11929 Bricksome Ave. • Baton Rouge, LA 70816

Tel (225) 293.8300 • Fax (225) 293.8303

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARD

To the Board of Directors of
YWCA Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of YWCA Greater Baton Rouge, Inc. (a nonprofit organization) as of and for the year ended December 31, 2010, and issued our report thereon dated November 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issue by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered YWCA Greater Baton Rouge, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the YWCA Greater Baton Rouge, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

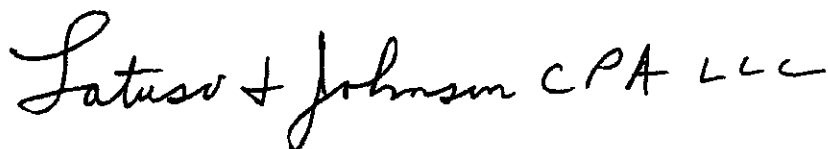
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as described in finding 2010-1 to 2010-6. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether YWCA Greater Baton Rouge, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item 2010-7.

YWCA Greater Baton Rouge, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit YWCA Greater Baton Rouge, Inc.'s response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Latuso & Johnson CPA LLC".

Baton Rouge, Louisiana
November 3, 2011

Latuso and Johnson CPA, LLC

Certified Public Accountants

11929 Bricksome Ave. • Baton Rouge, LA 70816

Tel (225) 293.8300 • Fax (225) 293.8303

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
YWCA Greater Baton Rouge, Inc.
(A Nonprofit Organization)
Baton Rouge, Louisiana

COMPLIANCE

We have audited the compliance of YWCA Greater Baton Rouge, Inc. (A Nonprofit Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. YWCA Greater Baton Rouge, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of YWCA Greater Baton Rouge, Inc.'s management. Our responsibility is to express an opinion on YWCA Greater Baton Rouge, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about YWCA Greater Baton Rouge, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of YWCA Greater Baton Rouge, Inc.'s compliance with those requirements.

In our opinion, YWCA Greater Baton Rouge, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

INTERNAL CONTROL OVER COMPLIANCE

The management of YWCA Greater Baton Rouge, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered YWCA Greater Baton Rouge, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of YWCA Greater Baton Rouge, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Baton Rouge, Louisiana
November 3, 2011

YWCA GREATER BATON ROUGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of YWCA Greater Baton Rouge, Inc.
2. Six reportable conditions were disclosed during the audit of the financial statements and are included in this report.
3. One instance of noncompliance was disclosed in accordance with *Government Auditing Standards*.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for YWCA Greater Baton Rouge, Inc. expresses an unqualified opinion on all major federal programs.
6. No audit findings are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:
 - Early Head Start (CFDA 93.600)
 - Early Head Start - ARRA (CFDA 93.709)
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. YWCA Greater Baton Rouge, Inc. did not qualify as a low-risk auditee.
10. A management letter was not issued.

YWCA GREATER BATON ROUGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II - PRIOR YEAR FINDINGS

2009-1 Finding: The bank reconciliations were improperly prepared and did not reconcile to the general ledger. In addition, the reconciliations were not approved by a responsible person.

Recommendation: The bank accounts should be reconciled timely, agreed to the general ledger and approved by a knowledgeable supervisor or board member.

Action Taken: Bank reconciliation procedures were improved but still lacked sufficient procedures. See current year finding 2010-1.

2009-2 Finding: We noted that checks received from supporters and checks written to vendors were being held for an excessive period of time.

Recommendation: Checks received should be deposited at least weekly. Checks for payments to vendors should not be prepared until the checks are intended to be mailed.

Action Taken: Procedures for payments to vendors have been improved. However, checks received are not being deposited timely. See current finding 2010-2.

2009-3 Finding: We noted that the same employee received and deposited cash and prepared checks. In addition, the same employee recorded entries into the general ledger and reconciled the bank account.

Recommendation: The bank reconciliations should be prepared by someone not responsible for these functions.

Action Taken: Management made necessary changes in the personnel performing these functions.

2009-4 Finding: The Organization was not in compliance with the reporting requirement of submitting annual financial statements to the Legislative auditor's office within six months after year end.

Action Taken: Management concurred but was still unable to comply. See current finding 2010-7.

YWCA GREATER BATON ROUGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION III - CURRENT YEAR FINDINGS

2010-1 Finding: The bank reconciliations were not reconciled to the general ledger. In addition, the reconciliations were not printed out and approved by a responsible person.

Recommendation: The bank accounts should be reconciled to the general ledger, a copy attached to the bank statement and approved by a knowledgeable supervisor or board member.

Management Response: Management concurs with the recommendation.

2010-2 Finding: We noted that checks received from supporters were being deposited on a monthly basis.

Recommendation: Checks received should be deposited at least weekly, unless below an amount specified by management.

Management Response: Management concurs with this recommendation, and intends to make deposits exceeding \$2,000 weekly.

2010-3 Finding: We noted that journal entries are prepared primarily by one person. Support for the entries is not maintained and entries are not approved by a responsible person. In addition, the accounting system allows for entries to be changed at any time.

Recommendation: A copy of all journal entries should be maintained in the file. The entries should be adequately dated, explained and supported by documentation. The entries should be initialed by the preparer and the person approving.

Management Response: Management concurs.

2010-4 Finding: During 2010, the Organization discontinued maintaining its financial statements on the accrual method of accounting. The revenues were not recorded in accounts receivable as they were earned.

Recommendation: Invoices should be entered in the accounts receivable at the time invoices are prepared. The invoices should be dated and recorded in the period the Organization is entitled to received the funds.

Management Response: Management concurs.

YWCA GREATER BATON ROUGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION III - CURRENT YEAR FINDINGS - (CONTINUED)

2010-5 Finding: We noted that the billing of expense reimbursements is not prepared on a timely basis.

Recommendation: Invoices should be prepared on a monthly basis.

Management Response: Management concurs.

2010-6 Finding: Year end accounting procedures do not provide for a proper closing. Accounting personnel have continued to make changes without maintaining a record of the changes, including subsequent to the year end closing.

Recommendation: After personnel have made all necessary adjustments and reconciliations the general ledger should be considered closed. The general ledger should then be printed and stored. If errors are subsequently discovered, a correcting journal entry should be prepared and provided to the independent auditor. The entries to general ledger affecting the prior year should be prevented by locking the system.

Management Response: Management concurs.

2010-7 Finding: The Organization was not in compliance with the reporting requirement of submitting annual financial statements to the Legislative Auditor's office within six months after year end.

Recommendation: Personnel should reconcile all necessary accounts and make necessary adjustments within sixty days of year end. This would allow sufficient time to complete the audited financial statements.

Management Response: Management concurs.

YWCA GREATER BATON ROUGE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	CFDA #	Amount of Federal Awards
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
Office of Administration For Children and Families:		
Early Head Start	93.600	\$ 806,139
Early Head Start - ARRA	93.709	1,176,365
Early Head Start - ARRA	93.708	40,129
Passed through Louisiana Department of Health and Hospitals		
Office of Public Health		
HIV Prevention Program	93.940	<u>50,976</u>
Total U.S. Department of Health and Human Services		2,073,609
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Passed through City/Parish of East Baton Rouge		
Office of Community Development		
Community Development Block Grant	14.218	<u>45,535</u>
Total Federal Expenditures		<u>\$2,119,144</u>

See auditors' report

YWCA GREATER BATON ROUGE, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the YWCA of Greater Baton Rouge, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.